

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017-228-S

IN RE:)
)
 Application of Palmetto Utilities, Inc.)
 for adjustment of rates and charges)
 for, and modification to certain terms)
 and conditions related to,)
the provision of sewer service.)

PREFILED DIRECT
TESTIMONY OF
ANDRENA POWELL-BAKER
ON BEHALF OF PALMETTO
UTILITIES, INC.

1 **Q. PLEASE STATE YOUR NAME, PRESENT POSITION, AND BUSINESS**
 2 **ADDRESS.**

3 A. My name is Andrena Powell-Baker. I am the Senior Manager of
 4 Community Relations and Development for Palmetto Utilities, Inc. ("Palmetto").
 5 My business address is 420 River Street, Lockhart, South Carolina, 29364.

6 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL**
 7 **BACKGROUND?**

8 A. I obtained a Bachelor of Science degree in Business Administration from
 9 Winthrop University in 1981. I am a South Carolina Certified Economic Developer
 10 with skills and experience in industrial site development, negotiations, public
 11 relations, project management, community development, customer service,
 12 marketing strategies, and business development. I have more than 30 years of
 13 business development and marketing experience in the private sector. In addition,
 14 I have over eight years of economic development experience in industrial

1 recruitment and retention in the public/municipal sector. In particular, I have
2 served as the Executive Director for a public economic development organization
3 and collaborated extensively with both public and private utility companies.

4 I began working with Palmetto in January 2016. I also serve in a similar
5 capacity for Lockhart Power Company, a regulated electric utility, which, like
6 Palmetto's parent corporation, Ni Pacolet Milliken Utilities, Inc., is owned by
7 Pacolet Milliken Enterprises, Inc. ("Pacolet Milliken"). Pacolet Milliken is a South
8 Carolina headquartered company that is owned principally by the Milliken family.

9 **Q. WHAT ARE YOUR BUSINESS DUTIES IN YOUR CURRENT POSITION?**

10 A. As Senior Manager of Community Relations and Development, it is my
11 responsibility to serve as the liaison for Palmetto with regulators, customers,
12 prospective customers, the media and the general public. My duties include
13 coordinating meetings between operating personnel and regulators as well as
14 customers. I also handle customer complaints or issues that escalate to the Office
15 of Regulatory Staff (the "ORS") or South Carolina Public Service Commission (the
16 "Commission"). I act as Palmetto's spokesperson with the media and attend ORS
17 meetings and Commission meetings on behalf of Palmetto when appropriate.
18 When necessary, I testify in state commission hearings. I coordinate any requested
19 presentations on behalf of Palmetto at these meetings. My responsibilities also
20 include monitoring matters before state agencies and legislatures as they relate to
21 our operating subsidiaries. I work closely with staff to initiate and coordinate
22 community support activities.

1 In the capacity of Manager of Business Development, my duties include
2 marketing the assets and capabilities of Palmetto in an effort to generate business
3 growth opportunities. These business opportunities benefit the local economy and
4 tax base. I also meet, develop, and nurture relationships with local and state
5 officials and professionals in the area of economic development. I coordinate
6 meetings with municipal utilities representatives, site selection consultants and
7 developers to uncover, initiate and participate in business development activities
8 on behalf of Palmetto.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. The purpose of my testimony is to support Palmetto's application for an
11 increase in sewer rates. Specifically, I will be discussing (1) Palmetto's efforts to
12 educate customers about the rate relief proceedings in general, (2) Palmetto's
13 commitment to customers, neighbors, and the community and (3) the metrics
14 Palmetto uses to judge the performance of its customer service group.

15 **Q. WHAT IS NI PACOLET MILLIKEN UTILITIES, INC. AND WHAT IS ITS**
16 **RELATIONSHIP TO PALMETTO?**

17 A. As shown on the organizational chart attached hereto as APB Exhibit 1, Ni
18 Pacolet Milliken Utilities, Inc. owns Palmetto. Included in Palmetto's customer
19 base are the former customers of Palmetto of Richland County, LLC ("PRC"),
20 which was acquired by a Palmetto affiliate from the City of Columbia in March
21 2013 and was merged into Palmetto in July 2017.

1 Ni Pacolet Milliken Utilities, Inc. also owns Palmetto Wastewater
2 Reclamation, LLC, which together with Palmetto serves over 39,000 equivalent
3 residential connections in central South Carolina.

4 Ni Pacolet Milliken Utilities, Inc. is a wholly-owned subsidiary of Pacolet
5 Milliken, which as I noted earlier, also owns Lockhart Power Company. The
6 Pacolet Milliken management team has vast experience in the operation and
7 management of regulated utilities, and is committed to quality customer service, a
8 strong environmental record and a commitment to regulatory compliance. We
9 believe this commitment, and its financial strength that supports necessary capital
10 improvements, enables Palmetto to be an exemplary South Carolina utility. In
11 addition to its South Carolina holdings, Ni Pacolet Milliken Utilities, Inc. also owns
12 and operates one sewer utility and one water utility in Florida.

13 **Q. WHAT HAS PALMETTO DONE TO EDUCATE/INFORM THE**
14 **CUSTOMERS ABOUT THE NEED FOR THIS RATE INCREASE?**

15 A. A notification was mailed in August alerting Palmetto customers that it was
16 planning to apply to the Commission for a rate increase and explaining the need for
17 the requested increase. (To be clear, this notification was sent to the former PRC
18 customers, that are now part of Palmetto.) The letter also included an invitation to
19 four Town Hall Meetings for customers to attend, which would provide them with
20 details and an opportunity to have their questions answered by Palmetto
21 representatives. Chief Financial Officer Mark Daday, Chief Operating Officer
22 Bryan Stone (COO), and I facilitated all four of these Town Hall Meetings. We
23 walked through in detail a PowerPoint presentation that provided an overview of

1 our service and systems; details about the capital projects and costs associated with
2 the need to raise rates; maps showing the location of major capital projects; an
3 explanation of how Palmetto kept costs down; a description of customer benefits
4 arising out of the projects; a comparison of Palmetto's rates to nearby utilities; and
5 the rate increase process. All meetings were followed with an open forum where
6 dialogue occurred between us and our customers. We also provided a written Fact
7 Sheet and one-on-one dialogue with customers after the meeting ended to be sure
8 our reasons for seeking rate relief were accurately presented. A copy of the Town
9 Hall Meeting notification, the PowerPoint presentation, and the Fact Sheet are
10 attached as APB Exhibits 2, 3, and 4, respectively.

11 I have also spent time on the phone and in person with a number of our
12 customers who could not attend the Town Hall Meetings to help them understand
13 the request for rate increase. In addition, local legislators were notified of the Town
14 Hall Meetings, briefed on the filing, and invited to contact us with further
15 questions.

16 **Q. HAS PALMETTO HELD ANY OTHER PUBLIC/TOWN HALL**
17 **INFORMATIONAL MEETINGS UNRELATED TO THIS PROCEEDING?**

18 A. Yes. Palmetto has hosted two meetings with owners of property adjoining
19 Palmetto's Rapid Infiltration Basins (RIBS) to address their concerns about the
20 RIBS and to educate them on the Spears Creek effluent discharge pipeline
21 expansion project. The first meeting was in November 2016 and the second was in
22 February 2017. Now completed, this discharge pipeline has enabled Palmetto to
23 cease using the RIBs for disposal.

1 **Q. HAS PALMETTO REVIEWED THE CUSTOMER PROTEST LETTERS**
2 **REGARDING THIS RATE REQUEST AND, IF SO, HOW MANY**
3 **MENTION POOR SERVICE?**

4 A. We have and of the 172 protest letters filed with the Commission, and the
5 two dozen telephone calls received since the Application was filed, only four
6 mentioned poor service. Three of these made non-specific complaints and one
7 made a specific complaint about odor. We addressed and resolved the odor issue
8 to the satisfaction of that customer's homeowner's association. We think this
9 reflects the emphasis Palmetto places on customer service, including our efforts to
10 ensure continued excellent performance in this area since our last rate case.

11 **Q. WHAT HAS BEEN DONE TO CONTINUE PALMETTO'S**
12 **COMMITMENT TO STRONG CUSTOMER SERVICE LEVELS SINCE**
13 **THE LAST RATE CASE?**

14 A. Billing and customer service were divided into two separate groups and a
15 new, experienced Customer Service Manager was hired. Training sessions have
16 been held for the Customer Service Team. Monitoring of customer calls occurs to
17 ensure that customer service representative ("CSR") performance is appropriate.
18 We have made several call center upgrades which include on-line bill payment and
19 an office lobby bill-pay kiosk is currently being evaluated and tested.

20 **Q. WHAT METRICS DO YOU USE TO TRACK CUSTOMER SERVICE**
21 **DEPARTMENT PERFORMANCE?**

22 A. Palmetto operates a hybrid customer service center consisting of an
23 automated call center and various support functions, as well as a walk-up window

1 and billing services. The metrics that we use specifically identify how CSRs
2 respond to telephone calls from customers. The data on which this is based is
3 collected via Worldsmart, an advanced automated call-tracking software installed
4 in our customer service center. This system provides data for numerous parameters.
5 The directly relevant parameter for the hybrid customer service operation is the
6 number of calls received. There are specific performance goals for the department
7 measured by three metrics: average ring time, average talk time, and abandoned
8 calls. Evaluation and monitoring of the metrics began in March 2016 by the new
9 Customer Service Manager. Since that time, data shows that on average, CSR's
10 handle 3,000 calls per month. The average pick-up time is within 8 seconds and
11 average talk time is just over 3 minutes. In addition, several months of the last 18
12 months had no dropped calls.

13 **Q. WHAT METRICS DO YOU USE TO TRACK INDIVIDUAL CUSTOMER**
14 **SERVICE REPRESENTATIVE PERFORMANCE?**

15 A. Each CSR's performance is tracked according to five criteria: 1) number of
16 calls received, 2) number of calls completed, 3) average ring time, 4) average talk
17 time, and 5) abandoned call percentage. Additionally, calls with customers are
18 monitored and each CSR is graded weekly based on the following additional
19 criteria: (1) initiate and educate: (how do they greet the customer, do they obtain
20 their name and use it to make the call personal, do they inquire to the nature of the
21 call and do they ask how they can be of assistance); (2) obtain details (do they
22 explain account status, offering concise details and what they can do to help resolve

1 the situation); and (3) summary and close (do they briefly recap the conversation
2 and ask if any further assistance is needed).

3 **Q. HOW MANY PERSONNEL ARE DEVOTED TO CUSTOMER SERVICE**
4 **FUNCTIONS?**

5 A. Currently, there are four CSRs who cover the five water/sewer utility
6 systems operated by Ni Pacolet Milliken Utilities, Inc. In addition, our Customer
7 Service Manager and two billing specialists are also available for emergencies and
8 high volume calling periods.

9 **Q. DO PALMETTO AND ITS EMPLOYEES PARTICIPATE IN ANY**
10 **COMMUNITY ACTIVITIES?**

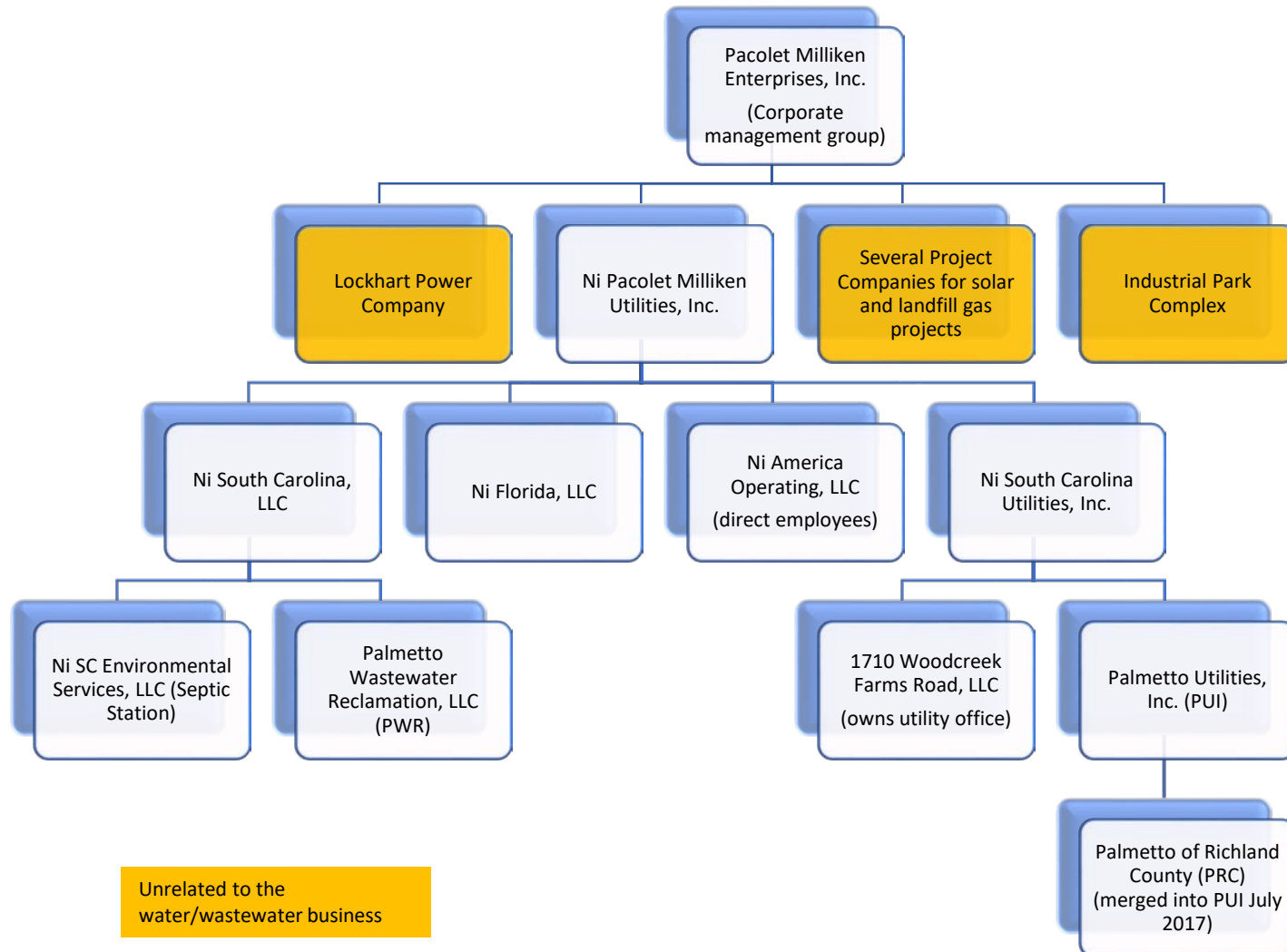
11 A. Yes. As mentioned previously, Palmetto was acquired by Pacolet Milliken.
12 Palmetto's new management team brought with it the culture from Pacolet
13 Milliken, which includes a strong focus on community service and environmental
14 sustainability. Palmetto has been in and around the communities that it serves for
15 over 40 years, providing capital investments, job creation, and community service.
16 Palmetto and/or its employees participate in, sponsor, and make charitable
17 donations to numerous community organizations, including the Palmetto Health
18 Foundation Breast Cancer Walk for Life, American Cancer Society's Relay for
19 Life, National Child Safety Council, Families Helping Families and the Carolina
20 Cup.

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes, it does.

Pacolet Milliken Enterprises, Inc.

Organization Chart -- Energy Division





Palmetto Utilities, Inc. & Palmetto of Richland County, LLC

TOWN HALL MEETINGS

Dear Customer:

We would like to meet with you

Every so often we like to get together with our customers to provide an update on the company and give you an opportunity to ask management questions. Recently, there have been some significant events affecting your sewer service provider, Palmetto Utilities, Inc. or Palmetto of Richland County, LLC:

- On July 11, 2017, the South Carolina Public Service Commission (PSC) approved the merger between Palmetto Utilities, Inc. and Palmetto of Richland County, LLC. We believe this merger will lower costs over the long term and allow us to improve our service to you. The combined company will operate under the name of Palmetto Utilities, Inc., a company that has been providing excellent sewer service for over 40 years.
- From 2016 – 2017, we will have invested a total of over \$80 million to:
 - Expand the capacity of our Spears Creek Wastewater Treatment Plant to accommodate additional flow resulting from high new customer growth, and flow which otherwise would continue to be treated by the City of Columbia Metro Wastewater Treatment Plant at a much higher cost;
 - Transition the release of treated effluent from our Spears Creek Wastewater Treatment Plant from land application to discharge into the Wateree River, in accordance with South Carolina Department of Health and Environmental Control requirements; and,
 - Improve the treatment process at the Spears Creek Wastewater Treatment Plant in order to meet stricter environmental limits now and during the life of the newly expanded plant.

With these improvements, unfortunately, comes the need for us to increase rates. We expect to file with the PSC later this month for a **significant rate increase** to recover the cost of these investments. With family budgets already tight, and businesses under competitive pressures, we recognize that this increase may be a burden to some of our customers. To help offset the impact of a full increase up front, we will propose to the PSC that we phase-in the new rates with 3 smaller increases over a three-year period. The first increase would be effective when the new rates are approved.

For investor-owned utilities such as ours, the PSC regulates the rates the utility is allowed to charge its customers. The Office of Regulatory Staff is responsible for reviewing expenditures. In exchange for providing reliable and non-discriminatory service to all customers in the service area, the utility is allowed

the opportunity to earn a reasonable return on investments necessary to provide service and to recover reasonable operating expenses.

We will soon be mailing you a notice that an application has been filed with the PSC requesting an increase in the rates for the Palmetto Utilities, Inc. wastewater system, which now includes Palmetto of Richland County, LLC customers. Any change in our rates will require approval from the PSC.

We would like to invite you to a meeting to learn more about the utility, and the need for a rate increase. Below is a list of several **TOWN HALL MEETINGS** to be held the week of September 4th. **Please plan to attend** any of the meetings so that we may answer any questions that you may have:

WHEN and WHERE

Tuesday, September 5, 2017	North Springs Park Community Center 1320 Clemson Road Columbia, SC 29229	3:30pm – 5:00pm
Tuesday, September 5, 2017	North Springs Park Community Center 1320 Clemson Road Columbia, SC 29229	6:00pm – 7:30pm
Wednesday, September 6, 2017	Lake Carolina Elementary School 1261 Kelly Mill Road Blythewood, SC 29016	6:30pm – 8:00pm
Thursday, September 7, 2017	North Springs Park Community Center 1320 Clemson Road Columbia, SC 29229	6:00pm – 7:30pm

Palmetto Utilities, Inc. appreciates all of its customers. We hope you will attend one of the upcoming meetings and find it to be an opportunity for an open discussion of how the utility system works and the reasons behind our need for rate relief. We look forward to seeing you there.

Sincerely,

Andrena Powell-Baker, SCCED – Senior Manager, Community Relations and Development
Mark S. Daday – Chief Financial Officer
Bryan Stone, P.E. – Chief Operating Officer

Palmetto Utilities, Inc.

Palmetto Utilities, Inc.

Town Hall Meetings September 5-7, 2017

Tuesday, September 5, 2017	North Springs Park Community Center 1320 Clemson Road Columbia, SC 29229	3:30pm – 5:00pm
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Agenda

- Introductions
- Service Update
- Capital Project Investments
- Rate Case and Increase
- Questions



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Service Update

- Long term owner and operator, long term investor, job creator
- Customer Service Team
 - Handle 3,000 calls/month
 - Average call pick-up in 8 seconds
 - A number of months in last 18 months with no dropped calls
- Call Center Upgrades
 - On-line bill payment added
 - Office lobby bill-pay kiosk being added
- Merger of Palmetto of Richland Counties and Palmetto Utilities – cost savings long term



Wastewater Systems - General Overview

- Collection System - Pipes and pumps connecting houses and businesses to WWTP
- Treatment System (WWTP) - treats dirty water to near drinking water quality
- Treated Water (“Effluent”) released by:
 - Land Application – Rapid Infiltration Basins (RIBs)
 - Streams/Rivers – Operating permit limits protect water quality



System Overview – Palmetto Utilities, Inc. and Palmetto of Richland County

Palmetto Utilities, Inc.

- Mostly in NE Richland County, ~ 20,000 customers
- 40 year history with low costs, solid operations, consistent growth
- One wastewater treatment plant (WWTP) – Spears Creek WWTP
- Water treated at WWTP is land applied at nearby RIBs

Palmetto of Richland County

- Borders Palmetto Utilities on the west ~12,000 customers
- Purchased from City of Columbia about 4 years ago
- Temporarily allowed to continue treatment by City, but then we must treat at our WWTP
- This requires us to connect this system to Palmetto Utilities' WWTP



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Major Projects - Overview

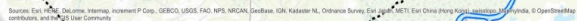
- Invested ~\$80 million since last rate case
 - Northern Pipeline - \$31 million
 - Spears Creek WWTP Upgrade - \$15 million
 - Wateree Discharge Pipeline - \$19 million
 - All Other Improvement and Sustaining Projects - \$15 million



Major Projects – Northern Pipeline

- Northern Pipeline – serves 3 primary needs
 - Connect Palmetto of Richland County collection system to WWTP
 - De-bottleneck portions of Palmetto Utilities' collection system
 - Avoid additional collection system expansions to serve developing areas at edges of current system





Major Projects – Spears Creek WWTP

- Spears Creek WWTP Expansion – serves 3 primary needs
 - Doubling capacity from 6 MGD to 12 MGD to cost efficiently handle customer growth for a number of years (mid-term)
 - Improving treatment process to meet tighter permit conditions
 - Preparing for long-term additional expansion at very low cost



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SPEARS CREEK WWTP
8-18-17

Major Projects – Wateree Pipeline

- Wateree Pipeline – serves 3 primary needs
 - Eliminate use of RIB's, per DHEC requirements
 - Some nearby areas are nearing permit limits at 3.5 MGD
 - Using RIBs at 6 MGD would require large investment, with uncertain results
 - Even then, there would be no capacity for growth
 - Provide treated water discharge capacity for future growth
 - Honor commitment made many years ago as part of the Upper Wateree Agreement



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All Other Projects

- All other projects - serve 3 primary needs
 - Localized debottlenecking of collection system to avoid spills
 - Routine replacements of older equipment at end of life
 - Improving ability to reduce leaks, inflow and infiltration (I&I)
 - Specialized equipment purchase lets us perform preventive maintenance in-house – saves money, better results
 - Reduce treatment (variable) costs
 - Reduce spills



Highlights for Major Projects (How the projects were managed)

- Extensive scenario analyses to maximize benefit/cost
 - Some efforts to reduce or delay costs stymied
 - Short-term discharge into Spears Creek
 - Shorter pipeline routes
- Highly accelerated schedule
 - Driven by desire to save customers millions in treatment costs
 - Used design-build process to allow construction to begin and long-lead items to be ordered sooner
 - Concurrent permitting allowed time critical activities to be permitted and begin while awaiting other permits
 - Result: Design, permitting and construction in half the time



Highlights for Major Projects (How the projects were managed)

- Very low cost for new treatment capacity
 - \$15M for 6 MGD = \$2.50/gallon capacity – Very Low
 - Further, cost includes improving treatment process for original 6 MGD plant
 - Repurposed as much existing equipment as possible, to maximize use of prior investment in plant assets
- Pipeline cost reductions
 - Used management, engineer, and contractor expertise to identify cost savings totaling millions of dollars
- Summary – We made every effort to minimize investment



Customer Benefits

- Very low cost to operate expanded WWTP (incl. energy efficiency)
- Any future expansion will be very inexpensive
 - WWTP designed with possible expansion in mind
 - Wateree Pipeline expandable with just a pump station
- WWTP process flexible enough to handle tighter future permit limits with no or minimal costs
- Reduced likelihood of spills and backups
- Ability to close RIBs – avoids possible environmental issues and “wasted” investment
- Additional capacity will allow community to grow, including the many jobs that come with that growth



Project Investment Summary

- Several factors have coincided requiring us to make simultaneous large investments in collection, treatment, and effluent discharge systems, resulting in a relatively large rate increase:
 - Wateree Pipeline project has been put off for >10 years
 - To keep rates down as long as possible
 - High Palmetto Utilities new customer growth rate
 - Drives need for investments in collection, treatment and effluent discharge systems
 - Addition of PRC customers to our WWTP load
 - One time investment to connect two collection systems



Project Investment Conclusion

We have carefully invested the minimum amount needed to continue to serve our growing customer base at the lowest long-term cost, because we understand the financial impact we have on our customers' lives.



Rate Case and Increase Request

- Rates are determined by the S.C. Public Service Commission
 - Formal legal process that takes about 6 months
- Filed on August 31st – New rates to be determined in March 2018
- Palmetto last rate request was March 2013
- Palmetto of Richland County – no increase since we purchased in early 2013
- Recovering:
 - \$80 million investments made
 - Increased annual property taxes of \$2.7 million



Phase In of Increase

- Requesting a \$29.55 monthly increase (**phased-in and based on an avg. bill**)
- Palmetto has volunteered to phase-in the rate increase in 3 smaller increases over a three-year period:
 - March 1, 2018* -- \$9.85
 - March 1, 2019* -- \$9.85
 - March 1, 2020* -- \$9.85
- Phase-In, if approved, would prevent rate increases until at least mid-2020;
- Former PRC customers go to flat rate from volume billing
 - **This change does not increase profit to the company**

*Increase based on average combined bill of \$38.51 (Palmetto currently at \$36.50; PRC at average \$41.60); date is an estimate based on final PSC order



Neighboring Monthly Wastewater Utility Rates

	Current	Year 1	Year 2	Year 3
Town of Winnsboro ⁽¹⁾ ⁽²⁾	\$68.12	?	?	?
City of Columbia ⁽¹⁾ ⁽²⁾	\$60.75	?	?	?
Carolina Water	\$57.58	?	?	?
Richland County – Broad River	\$44.54	?	?	?
Kershaw County ⁽¹⁾	\$40.00	?	?	?
Midlands/DSI ⁽³⁾	\$38.75	?	?	?
Palmetto Utilities	\$38.51	\$48.35	\$58.20	\$68.05
East Richland County PS District	\$27.00	?	?	?

- (1) Assumes 6,000 gal. per month
(2) Out of city/town rates
(3) Now called Synergy



Palmetto Utilities

Questions

Mark Daday – Chief Financial Officer

Bryan Stone – Chief Operating Officer

Andrena Powell-Baker – Sr. Manager, Community Relations and Development



Palmetto Utilities



Palmetto Utilities, Inc. Rate Increase Fact Sheet September, 2017

BACKGROUND

1. Palmetto Utilities Inc. (PUI), a company that has been providing excellent sewer service for over 40 years, has filed with the South Carolina Public Service Commission (PSC) requesting an increase in rates.
2. The company has scheduled a series of Town Hall Meetings the week of September 5th to answer customer's questions and to present information regarding the necessity to increase sewer rates.

IMPROVEMENTS NECESSITATING NEED FOR RATE INCREASE

3. The company is requesting recovery of over \$80 million in costs for investments made on the following wastewater projects:
 - Expansion of Spears Creek Wastewater Treatment Plant to accommodate additional flow resulting from high new customer growth, and flow which otherwise would continue to be treated by the City of Columbia Metro Wastewater Treatment Plant at a much higher cost;
 - Improving the treatment process at the Spears Creek Wastewater Treatment Plant in order to meet stricter environmental limits now and during the life of the newly expanded plant;
 - Construction of a new pipeline to connect the Palmetto Richland County customers to the Spears Creek Wastewater Treatment Plant and to serve Palmetto Utilities customers;
 - Construction of a new pipeline to transition the release of treated effluent from the Spears Creek Wastewater Treatment Plant from land application to discharge into the Wateree River, in accordance with South Carolina Department of Health and Environmental Control (DHEC) requirements; and,
 - Identification and elimination of sources of leaks into the system, which reduces spills, reduces pumping costs, reduces treatment costs, and prevents investment in unnecessary capacity.

INVESTOR-OWNED UTILITIES AND THE PUBLIC SERVICE COMMISSION (PSC)

4. For investor-owned utilities such as Palmetto Utilities, Inc., the PSC regulates the rates the utility is allowed to charge its customers; therefore, any and all changes to the company's rates require their approval. The South Carolina Office of Regulatory Staff is responsible for reviewing expenditures.
5. In exchange for providing reliable and non-discriminatory service to all customers in their service area, the utility is allowed the opportunity to earn a reasonable return on investments necessary to provide service and to recover reasonable operating expenses.



PROPOSED RATE INCREASE

6. PUI understands that family budgets are already tight and businesses are under competitive pressures. So, in an effort to minimize any burden due to the increase, the company has voluntarily proposed to the PSC, a phase-in of the new rates allowing 3 smaller increases over a three-year period rather than a full increase up front. The first increase of \$9.85/month would be effective when the new rates are approved which is estimated to be March 1, 2018. The second increase of \$9.85/month will occur March 1, 2019, and the final increase of \$9.85/month will occur March 1, 2020. This phase-in approach and final amounts are subject to PSC approval.

For additional information regarding these facts, please contact:

Andrena Powell-Baker, SCCED – Senior Manager, Community Relations and Development
(864) 466-7139